

EXHIBIT 3

From: Thomas McNamara
Sent: Tuesday, April 2, 2024 3:44 PM
To: R G; Terrence M. Connors
Cc: James C. Thoman; Logan Smith
Subject: RE: Communication re: Client Transition

Mr. Connors and Mr. Gustafson,

We are surprised by the Law Firms' actions and are in the process of evaluating the situation. A few preliminary thoughts are presented below.

First, as we set out in our filing with the Court last evening, the engagement agreements entered by consumers are void as a result of the finding made by the Court that the Law Firms took unlawful advance fees (as well as the fee splitting in which the Law Firms and StratFS were engaged). In what appears to be a frantic response, the Law Firms, less than 24 hours after our filing, sent requests for amendment to the void engagement agreements to clients. The undated cover letter to clients asking for an amendment makes no mention of the underlying case, the TRO, the PI, or the Court's findings concerning unlawful advance fees (and the consequences of that finding) -- all of which seem very relevant to the consumers' consideration of the proposed amendment.

Second, the communication to consumers provides no information about alternatives to the proposed amendment. What are the consumers' rights are if they do not agree to the Law Firms' proposed amendment? What are the Law Firms' plans for refunds for clients who seek reimbursement of the advance fees paid to the defendants?

Third, Mr. Gustafson's email claim that the transition to the contingent fee model is "designed to comply with the proportionality requirements of the TSR" is false. According to the amendment, it only affects payment timing and does not reduce or modify the total fees consumers will pay. As such, the change has no bearing on proportionality. The law firm debt relief model fees which are being maintained are substantially in excess of 25% of the enrolled debt in the DTC model and are not proportional.

Fourth, Mr. Gustafson states "Mr. Vacco has provided your office with a proposed transition plan to allow SFS to properly service Law Firm clients on a contingent fee basis. We urge you to work with him and the appropriate SFS personnel to ensure this will happen in a timely manner." But the Law Firms' amendment is inconsistent with discussions we have had since Mr. Vacco's outreach. As you know and as we highlighted in our filing yesterday, our accountants have been engaged in discussions and evaluations of the financial projections related to the proposed migration to a contingent model. In those discussions, we made clear the fees in the migration have to be consistent with the present Atlas model, capped at 25% of the enrolled debt. Our accountants received an updated financial projection using this 25% figure only last Friday afternoon before the Easter weekend. The Law Firms' decision to hastily proceed with a proposal which does not provide consumers any fee relief and instead maintains substantially higher fees than those under discussion is perplexing.

As for Mr. Gustafson's request that SFS not respond to substantive questions about the proposed amendment. I will speak with SFS staff and reinforce our instruction to honestly and fully inform the consumers of all developments, including what is clear from the four corners of the law firm cover letters and the proposed amendment.

While we continue to evaluate how to respond to the Law Firms' actions, we intend to provide Mr. Gustafson's email, a consumer cover letter and amendment to the Plaintiffs and likely to the Court for consideration.

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From: R G <rickg@gustafsonlc.com>
Sent: Tuesday, April 2, 2024 7:20 AM
To: Thomas McNamara <tmcnamara@mcnamarallp.com>; James C. Thoman <jthoman@hodgsonruss.com>
Cc: Terrence M. Connors <tmc@connorsllp.com>
Subject: Communication re: Client Transition

EXTERNAL

Dear Mr. Receiver,

On behalf of the Intervenor Law Firms, I want to apprise you of a development in our client representation. Effective today, the Law Firms are transitioning to a contingent fee model that is designed to comply with the proportionality requirements in the TSR. The Law Firms have been in contact with their clients to apprise them of this development and to obtain client consent to this change in fee structure. To avoid burdening SFS with a high volume of communications (which we strongly suspect SFS lacks the financial and manpower resources to handle), the Law Firms have advised their clients to communicate directly with the Firms if they have questions or need additional information about this change. We are advising you of this development for two main reasons.

First, there is a possibility that, notwithstanding the instructions provided, some Law Firm clients may contact SFS with questions about this transition. To the extent that happens, we expect you to instruct the SFS personnel to direct the Law Firm clients to the corresponding law firm 800 number on the attached document. To be clear, the Law Firms do not want SFS employees responding to substantive client questions regarding this change in fee structure. Instead, we want SFS to direct the clients to the Law Firms for answers to such questions.

Second, we want to apprise you that, once the Law Firm clients begin transitioning, we expect SFS to provide appropriate support for those clients, including support relating to debt negotiations, the payment and processing of fees, and appropriate instructions to Global and RAM. We know that Mr. Vacco has provided your office with a proposed transition plan to allow SFS to properly service Law Firm clients on a contingent fee basis. We urge you to work with him and the appropriate SFS personnel to ensure this will happen in a timely manner.

Sincerely,
Richard K. Gustafson, II, Esq.
Managing Principal

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